

VZCZCXYZ0014
RR RUEHWEB

DE RUEHIN #0481 0610907
ZNR UUUUU ZZH
R 020907Z MAR 07
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC 4295
INFO RUEHBJ/AMEMBASSY BEIJING 6422
RUEHHK/AMCONSUL HONG KONG 7668

UNCLAS AIT TAIPEI 000481

SIPDIS

SIPDIS

DEPARTMENT FOR INR/R/MR, EAP/TC, EAP/PA, EAP/PD - LLOYD NEIGHBORS
DEPARTMENT PASS AIT/WASHINGTON

E.O. 12958: N/A

TAGS: [OPRC](#) [KMDR](#) [KPAO](#) [TW](#)

SUBJECT: MEDIA REACTION: TUMBLE OF CHINA'S STOCK MARKET

11. Summary: Taiwan's major Chinese-language dailies focused their coverage March 2 on the plunge of Taiwan's stock market Thursday, following declines in global markets from Wednesday, and on the 2008 presidential elections. Several papers also editorialized on the recent tumble of China's stock market. An editorial in the pro-independence "Liberty Times" cautioned Taiwan investors not to overlook the high risks hidden in the inadequately developed Chinese stock market. An editorial in the pro-unification "United Daily News," however, said the recent nose-dive of global stock markets indicated that China has taken up a major position in the global economy. End summary.

12. Tumble of China's Stock Market

A) "Taiwan People Should See Through the Nature and Risks of China's Stock Market"

The pro-independence "Liberty Times" [circulation: 500,000] editorialized (3/2):

"... China's stock market is inadequately developed, and trading in it is like walking in a jungle full of fierce wild animals. When it comes to its fundamentals, it is like a kite flying high in the sky, facing the danger of being blown away and falling straight to the ground at any time. What is worrisome is that the highly risky Chinese stock market has been touted by some irresponsible media outlets and people in Taiwan as a golden paradise for speculation. The consequence is that many people who lack common sense have jumped into the Chinese stock market. According to statistics provided by Taiwan's Central Bank of China, the Taiwan people wired a record high of USD44.124 billion out of the island in 2006 for overseas securities investments. Even though no detail has been provided to show how much money was invested in the Chinese stock market, it is generally believed that the total must be very large. Therefore at this moment, when the Chinese stock market has plummeted, we need to remind the Taiwan people of the high risks hidden in China's stock market. Taiwan investors should not be carried away by blind and incorrect information and must avoid possible traps so as to preserve the vitality and roots of Taiwan's economy."

B) "China Has Take up a Key Position in Globalization: Message Delivered by the Tumble of Global Stock Markets"

The pro-unification "United Daily News" [circulation: 400,000] editorialized (3/2):

"... First and foremost, this recent stock plunge started from mainland China, which is not part of the international financial market. This has made the situation very different from the past, when U.S. stocks used to be the spearhead of international stock markets. ... Obviously, this incident reflected the rise of mainland China's economic power over the past decade: It now ranks

number four in the world with an economic scale almost as large as that of Germany's. It has maintained high growth of over 7.5 percent for ten consecutive years, and the yet-to-be-developed consumption power of its 1.3 billion population has rapidly pushed China to the center of the world's economic stage. ...

"... One can easily tell the importance of China in global economic development. This is a concrete economic reality, which has nothing to do with politics. Or one can even say that China's economic rise is already in the past tense, while the present tense is the Sinification of globalization, which is closely monitored by the international community. In the face of this development, it is already very clear whether Taiwan's economy, which is highly dependent on globalization, should move in the opposite or parallel direction."

YOUNG